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# "Understanding Consumer Perceptions of Luxury Brands"

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**Understanding Consumer Perceptions of Luxury Brands**

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**Abstract**
Continuing the stream of luxury brand research that seeks to identify how luxury brands differ from non-luxury brands, we test if the brand usage and attribute prototypicality influences on consumers perceptual responses about non-luxury brands extend to luxury brands. Drawing on data from individuals who qualify in the top 25% income tier in their country, in the USA (n=300) and China (n=366), across three luxury categories of Fashion, Jewellery and Watches, we find that brand usage and attribute prototypicality patterns drive baseline response levels for brands on luxury attributes. Further, a calculation from Romaniuk & Sharp (2000) is able to accurately estimate scores (+/-2pp) for over 90% of luxury brands of the 580 brand/luxury attributes combinations tested. The ability to benchmark scores for brands on luxury attributes will enable practitioners to separate real differences in the positioning of luxury brands from those that simply reflect the current size of the brand's customer base, and over time more effectively detect the effect of luxury brand marketing activities on consumers.



## 1.Introduction

The luxury sector is an important and growing part of the global economy, with sales of global luxury goods predicted to reach over USD $300 billion by 2020 (Bain & Company, 2017). Harnessing this growth is a challenge for brands in a sector that has been hesitant to embrace widespread advertising for risk of making the brand too mass and thus losing the scarcity that makes luxury brands desirable (Kapferer and Valette-Florence, 2016; Kapferer, 2012). Consumer-based brand equity health measurement (in line with Keller, 1993; Huang and Sarigöllü, 2014; Christodoulides et al., 2015), is a key tool to help marketers understand their brand's performance, relative to competitors, in the minds of consumers. It can help luxury brand managers understand when the luxury brand's equity is stronger or weaker by tracking the brand's performance against key luxury attributes. This information can help signal when a brand is starting to lose its way as a luxury brand.

While there has been extensive research into which attributes define a luxury brand (e.g., Ko et al., 2019; Janssen et al., 2017; Sjostrom et al., 2016; Chandon et al., 2016; Sung et al., 2015; Kapferer, 1997), very little research has investigated how to analyse and interpret the consumer perceptions of luxury brands. This paper contributes to filling this gap by contributing to the theoretical knowledge about how luxury brands are similar or different to non-luxury brands, and translating this knowledge into tools able to be used by luxury brand practitioners. In non-luxury markets, understanding the patterns that underpin consumer perceptions about brands helps marketers separate out real changes in perceptions due to marketing activities, from noise such as seasonality (e.g., Romaniuk and Nicholls, 2006).

This research focuses on two response patterns that are evident in the perceptions that consumer hold of brands. The first is the relationship between past brand buying and eliciting perceptions about that brand (e.g., Bird et al., 1970; Romaniuk et al., 2012). The second is the underlying prototypicality of each attribute as reflected in the relative response rates (as per Rosch and Mervis, 1975). When combined, these two response patterns allow a researcher or brand manager to calculate benchmark scores for each brand on each attribute. These benchmarks can then be used to compare against actual scores to detect when brands score higher or lower than expected due to marketing activities (Romaniuk and Sharp, 2000). However, this empirical knowledge and analytical approach was developed on brands in non-luxury categories. Given the oft-discussed differences in luxury buying when compared to non-luxury buying (Kapferer, 2014; Bastien and Kapferer, 2013), it is important to test if these approaches are valid when assessing consumer perceptions of luxury brands.

This paper therefore seeks to test if consumer perceptions of luxury brands follow empirical patterns of consumer perceptions for non-luxury brands. This will help luxury scholars understand if consumers store and retrieve luxury brand perceptions in a similar manner to non-luxury brand perceptions, and inform the literature on theories of the similarities and differences between luxury and non-luxury brands. This research will also help luxury brand marketers to assess and interpret the consumer-based brand equity (CBBE) of their brands to better assess the effects of marketing activities and brand performance. It draws on data collected by Affluential, who manage an online panel of wealthy individuals across a wide number of countries. In this case, the data is from individuals in the top 25% income tier (herein referred to as High Net Worth) in the USA or China, and covers three categories: Fashion, Jewellery and Watches. This data provides a wide scope for testing from two very different countries, both important for the global luxury market and three very important luxury categories.

**2. Background**

The consumers' perceptions of brands have long been considered an important part of customer-based brand equity (e.g., Aaker, 1992; Keller, 1993; Datta, 2017). These thoughts about brands held in memory are often operationalized in line with Associative Network Theories, where nodes linked to the brand name node can be activated when someone uses a cue to access memory (Anderson, 1983; Anderson and Bower, 1979). These thoughts can have two roles: to act as a cue to retrieve the brand, and to be retrieved when the brand is a cue (Nedungadi, 1990; Holden, 1993). This can influence both brand consideration and evaluation.

Luxury brands are not naturally luxurious by themselves; rather, they need to be perceived as luxurious by consumers (Hudders, 2012). This makes the management of consumer perceptions of particular importance for luxury brands. There is a considerable body of literature that talks about the attributes or qualities that are prototypical to luxury brands (e.g., Ko et al., 2019; Janssen et al., 2017; Som and Blanckaert, 2015; Cheah et al., 2015; Stegemann et al., 2013; Hennigs et al., 2013a; Kapferer, 1997). The key characteristics that contribute to the luxury brand prototype are a history of heritage (Vigneron and Johnson, 2004), higher prices (Keller, 2009), higher quality (Kapferer, 1997), as well as being highly symbolic, associated with dreams/desires, and exclusivity (Bastien and Kapferer, 2013; Dubois and Paternault, 1995; Okonkwo, 2009). Consumers perceive luxury brands as multifaceted combinations of attributes, and will trade off less salient



attributes for more salient ones when making evaluations of the brand's level of luxury (Vigneron and Johnson, 1999; Vigneron and Johnson, 2004).

Brand perceptions arise from three main sources: direct brand experience (buying the brand, experiencing its retail outlets) (e.g., Zarantonello and Schmitt, 2013; Sahin et al., 2011; Brakus et al., 2009); word-of-mouth communications from others (e.g, Klein et al., 2016; East et al., 2017); and advertising or other marketing communications exposure and events (Krishnan, 1996). Of these three factors, direct experience that being a customer of the brand brings is the most powerful source of brand perceptions, with extensive evidence of a brand's customers being two to three times more likely to hold perceptions about a brand than non-customers of a brand (Bird et al., 1970; Romaniuk et al., 2012) and that brand experiences are correlated with loyalty and satisfaction (Brakus et al., 2009).

However, luxury brands rely on desire as an important characteristic and this desire is built up amongst both brand customers and non-customers in line with the 'dream' formula (Dubois and Paternault, 1995). Therefore, we expect that even non-customers of luxury brands might also hold considerable knowledge about brands such that there would be little or no difference between the perceptions that customers and non-customers of a luxury brand hold. This empirical finding would be contrary to that evident in non-luxury categories and would suggest that perceptions of luxury brands need to be analysed differently to perceptions of non-luxury brands. This leads to the first research question:

*RQ1: Are buyers who are customers of a luxury brand more likely to hold perceptions about that luxury brand than buyers who are not customers of a luxury brand?*

Luxury brands have a distinct set of qualities that distinguish them from non-luxury brands, and there is an extensive stream of literature that examines these qualities (e.g., Ko et al., 2017; Vigneron and Johnson, 2004; Magnetic, 2016). However, there is debate in the luxury literature as to whether there is a consistent definition of luxury or if this changes across categories, countries or consumers (Ko et al., 2019; Chandon et al., 2019). Rosch and Mervis (1975) found frequency of instantiation to be a measure of the contribution of an attribute to category membership, or prototypicality. The more frequently an attribute is elicited, the more its presence defines the prototype. In non-luxury categories, attributes within a category follow this prototypicality pattern, whereby some attributes gain higher response levels for all brands than other attributes (Romaniuk and Sharp, 2000). However, the attributes themselves do vary across categories in line with each category's core qualities with, for example, the highly prototypical attributes for banking differing to that for soft drinks. For luxury brands, the relative contribution of an attribute to the definition of being a luxury category could therefore be assessed by its frequency of instantiation, or how often it is elicited in the context of luxury brands within that category. Attributes that more strongly contribute to a brand being seen as luxury will gain more responses across all brands than other attributes. However, the ranking of attributes across luxury categories may be similar if there is substantive homogeneity in what defines a luxury brand for category buyers. Therefore, this research tests for this pattern amongst a set of commonly used luxury attributes within and across categories.

This research draws on five attributes relevant to a brands' luxury status according to the luxury literature. *Recognisable* is the first attribute, capturing the perceived prominence of the product's link to a luxury brand (Kapferer and Valette-Florence, 2018; Nueno and Quelch, 1998; Han et al., 2010; Kapferer, 2012). There are two dimensions of recognizability; how well known is the brand (brand awareness as per Aaker, 1992) and how prominent/conspicuous is the branding/styling on the specific product (e.g., a monogramed Louis Vuitton bag or the distinctive quilted style of a Chanel clutch). The next attribute, *Superior Quality/Craftmanship* reflects the tangible quality of the creation process for the luxury product. A key factor in the ability of a luxury brand to command a high price is the presence of refined/superior ingredients, such as precious stones or fabrics, and/or the quality of the crafting process, such as in Whisky making or bespoke tailoring (Vigneron and Johnson, 2004; Nueno and Quelch, 1998; Heine and Gutsatz, 2015; Ko et al., 2017). *Superior customer experience,* the third attribute, reflects the performance of the interaction experience with brand representatives in the sales and service process, both in person and online (Atwal and Williams, 2009; Berthon et al., 2009; Klein et al., 2016). The fourth attribute, *resonates with how I see myself*, relates to the self-image building motives of the consumer. Buying and displaying luxury brands is a form of self-expression, allowing consumers to use the luxury brands they own to signal actual or aspirational image (Vigneron and Johnson, 1999; Dubois et al., 2001; Liu et al., 2012; Ko et al., 2017; Seo and Buchanan-Oliver, 2017). The final attribute in this study is *unique from mainstream brands,* which is the degree to which the luxury brand offers something exclusive to other brands (both luxury and non-luxury), considered crucial to luxury brand success, and capacity to command a price premium (Vigneron and Johnson, 2004; Dubois et al., 2001; Nueno and Quelch, 1998; Hennigs et al., 2013b). While all of these attributes are contributors to a brand's luxury status, research has yet to test for systematic patterns in how buyers of luxury brands respond to these attributes.



If some luxury attributes are more commonly mentioned, while others are less commonly mentioned across brands within a category, could suggest a prototypicality ranking to luxury attributes which could be useful for defining the key aspects of what makes a *luxury* brand. This leads to the second research question:

*RQ2: Do some luxury brand attributes follow a prototypicality response pattern where some luxury attributes consistently get more responses for all brands than other luxury attributes?*

Romaniuk and Sharp (2000) draw on these two consumer perceptual response patterns and find that in a contingency table of brands and attributes, the systematic pattern is that the highest scores are for brands with more users for attributes with higher prototypicality, while brands with fewer users on lower prototypicality attributes score lower. A chi-squared calculation can, therefore, adjust expectations based on both brand usage and attribute prototypicality to calculate an expected value for each brand on each attribute. Drawing on data from a financial services category, Romaniuk and Sharp (2000) demonstrated the ability of this calculation to estimate the results for the vast majority of brand-attribute combinations. Further, the larger deviations (positive or negative) allowed a researcher or marketer to understand where the brand was more strongly positioned than competitors, and so gain a mental advantage vis-à-vis competitors.

The ability to identify brand positioning using this approach is predicated on the presence of a baseline response pattern for the category, and then the occasional, marketing driven, deviation from this baseline. However given luxury brands thrive on heritage and authenticity, the underpinning of which is different for every brand (Vigneron and Johnson, 2004), and that facts such as quality are considered hygiene factors to being a luxury brand (Ko et al., 2019), the underlying patterns for brand responses may vary substantively that there is no 'expected' value for any luxury brand on any attribute, so as to render the calculation of little value. However, if this calculation can be used to benchmark expected scores for each brand on each luxury attribute this would help luxury brands not only understand their own positioning strengths and weaknesses vis-à-vis competitors and identify the authentic image of the luxury brand (Beverland, 2006), but also assess the effects of marketing activities aimed at building specific luxury attributes (as described in Romaniuk and Nicholls, 2006). This leads to the third research question:

*RQ3: Does the chi-squared calculation from Romaniuk and Sharp (2000) provide accurate estimates for brand scores on luxury attributes?*

The democratisation of luxury is a global phenomenon and luxury stores now flourish in many capital cities of the world (Kapferer and Valette-Florence, 2016). While luxury is a global market, culture may influence the value of some luxury perceptions across different countries. For example, in a collectivist culture, luxury might be more associated with being recognised via conspicuousness, whereas in a more individualist culture, the role of expressing uniqueness with a luxury brand might be more relevant (Leek and Christodoulides, 2009).

Two countries are often used to represent these extremes: China – the archetype collectivist culture and the USA – the archetype individualist culture (The Hofstede Centre, 2015; de Mooij and Hofstede, 2010). However, in this research these countries have an additional importance based on their combined economic contribution to the luxury sector. The USA is currently the world leader in the luxury sales (Euromonitor, 2017) but emerging markets and in particular, China, are predicted to be a major force behind future growth in luxury spending. According to McKinsey and Company (2017), Chinese consumers will account for almost half of the total global market by 2025. Due to globalisation, many luxury brands operate in both countries which places greater importance on understanding if the same approaches for analysing brand perceptions can be employed in both countries.

Comparison studies to date have had mixed findings across countries. There is consistent evidence of the role of product quality in the USA and China (Heine and Gutsatz, 2015), but there is mixed evidence as to the importance of brand prominence/conspicuousness in China (Wu et al., 2017; Cheah et al., 2015). The importance of different luxury dimensions might change over time such as for Zhan and He (2012) who find that uniqueness has become a more important luxury quality as the Chinese luxury consumer matures. However recent work by Kapferer and Valette-Florence (2018) finds that despite similar direction in the contribution of rarity/exclusivity and awareness across countries, uniqueness still made a lower contribution to luxury brand desirability for the Chinese luxury buyer.

Therefore, it is useful to compare and contrast the results for both markets. Which leads to the final research question:

*RQ4: Do brands in the USA follow the same empirical response patterns for luxury attributes as in China?*



**3. Research Method**

The data was collected from two samples of respondents from the USA and China, who are part of Affluential's panel. To qualify for the sample used in this research, the respondents had to fall into the top 25% income tier for that country. The sample demographics are: USA (n=300); 52% Female; 20% <35 years; 23% 35-44 years; 36% 45-54 years and 20% aged 55-59 years. China (n=366); 54% Female; 47% <35 years; 40% 35-44 years; and 12% aged 45-59 years.

The data was collected online, with respondents incentivised as per the panel norms. The researchers were not involved in the questionnaire design, brand or attribute selection which means that the results are not beholden to a specific research design but have sufficient scope to see differences between brands, categories and countries. The five attributes: *Superior quality/craftsmanship*; *Recognisable*; *Unique from mainstream brands*; *Superior customer experience*; and *Resonates with how I want to see myself*, capture different dimensions thought to be influential in buying luxury brands. While not a comprehensive test, these attributes are part of an industry omnibus and thus considered by luxury practitioners to be relevant to luxury brands, in addition to the supportive evident from the luxury academic literature. Furthermore, five relevant attributes are sufficient for the purpose of testing generalisations that have previously been well-established in mainstream branding. The three categories included in this research, Fashion, Jewellery and Watches represent major luxury sectors. The combined design of two countries, three categories and five attributes provide a total of 580 different brand/attribute combinations, a substantive scope for academic research into luxury brands.

Data to collect brand associations is via a free choice, pick any approach (Barnard and Ehrenberg, 1990; Driesener and Romaniuk, 2006), where respondents could tick as many or as few brands as they wanted for each attribute, with the response captured as a binary response as associate the brand with the attribute or not (in line with human associative memory retrieval Anderson and Bower, 1979). Brand usage was collected in a separate part of the questionnaire, with the specific question *Which of the following brands of <insert category> do you currently own?* Indicating *I currently own this* is the response taken as the indicator of brand usership status.

## 4. Results

To address RQ1, we identified brands with over 10% brand user-ship (to avoid excessively small sample bases for usership percentages) and cross-tabulated the results with the responses for each attribute for each brand in each category and country. This resulted in the inclusion of a total of 30 brands in the US and 45 brands in China across the three categories. The cross tabulations and chi-squared calculations revealed 47% of brands with a statistically significant difference at $p<0.05$ in favour of brand users with higher scores than non-users; and a further 33% directional (brand users over 3pp higher in response than non-users). No attribute-brand pairs had a statistically significant difference in favour of non-users being higher than users. Table 1 shows an example for watches in the USA, where for example for Rolex, of the people who owned a Rolex, 64% linked the brand with *Superior quality /craftsmanship* while only 40% of people without a Rolex made that same link. In the final row is the average across all watch brand's users (55%) and all brand's non-users (29%) for the attribute of *Superior quality /craftsmanship*. The averages for each of the attributes across all brands in each category is in Table 2. The results support the contention that brand users are more likely to link the brand they use for luxury attributes than non-users.

As shown in Table 2, the average value for each attribute across all brands are all higher for users than non-users. This pattern holds for both China and the USA across all three categories. However, across all attributes, the gap between user and non-users are consistently larger for the USA compared to China. For Jewellery, the average difference between brand users and non-users across all five attributes is 13pp for the USA but only 7pp for China; while for Fashion it is 16pp for the USA and 10pp for China and for Watches it is 19pp in the USA and 5pp for China. The lower difference in China is predominantly due to higher response levels from non-brand users suggesting more luxury buyers with wider brand knowledge.



**Table 1.** Brand user and non-user % scores for watches across brands in the USA

| | Superior quality / craftsmanship | | Unique from Mainstream brands | | Recognisable | | Superior customer experience | | Resonates with how I see myself | |
|---|---|---|---|---|---|---|---|---|---|---|
| | BU | NU | BU | NU | BU | NU | BU | NU | BU | NU |
| Rolex | 64 | 40 | 33 | 17 | 62 | 17 | 29 | 16 | 44 | 11 |
| TAG Heuer | 54 | 29 | 40 | 21 | 53 | 47 | 33 | 7 | 51 | 8 |
| Apple Watch | 45 | 18 | 18 | 11 | 44 | 38 | 26 | 8 | 32 | 8 |
| Cartier | 60 | 34 | 32 | 10 | 49 | 30 | 22 | 9 | 38 | 7 |
| Omega | 54 | 30 | 27 | 15 | 46 | 35 | 16 | 13 | 22 | 8 |
| Tiffany | 52 | 26 | 18 | 12 | 36 | 34 | 18 | 11 | 18 | 10 |
| **Average** | **55** | **29** | **28** | **14** | **48** | **34** | **24** | **10** | **34** | **8** |

**Table 2.** Average brand user and non-user scores for five attributes for luxury brands

| | | Superior quality / craftsmanship | | Unique from Mainstream brands | | Recognisable | | Superior customer experience | | Resonates with how I see myself | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | BU | NU | BU | NU | BU | NU | BU | NU | BU | NU |
| USA | Jewellery | 48 | 28 | 25 | 12 | 41 | 36 | 25 | 11 | 22 | 7 |
| USA | Fashion | 39 | 19 | 26 | 12 | 50 | 34 | 18 | 6 | 26 | 6 |
| USA | Watches | 55 | 29 | 28 | 14 | 48 | 34 | 24 | 10 | 34 | 8 |
| China | Jewellery | 38 | 30 | 32 | 26 | 36 | 30 | 29 | 24 | 35 | 23 |
| China | Fashion | 40 | 30 | 33 | 25 | 37 | 28 | 34 | 23 | 35 | 24 |
| China | Watches | 34 | 30 | 29 | 26 | 33 | 28 | 31 | 25 | 31 | 24 |

To address RQ2 we organised data from each country and each category into contingency tables of attribute responses for each brand. The brand scores for each attribute were then correlated with each other (i.e., the scores for Tiffany in Jewellery for the five attributes were correlated with the attribute scores for Cartier in Jewellery), with a high correlation indicating that there is a persistent pattern that an attribute that scores higher for one brand will also typically score higher for another brand. The average Pearson's correlations were high and statistically significant, particularly in the USA (USA Watches 0.87, Stdev = +/-0.14; China Watches 0.63, Stdev = +/-0.28; USA Jewellery 0.90, Stdev = +/-0.11; China Jewellery 0.72, Stdev = +/-0.20; USA Fashion 0.95 Stdev = +/-0.06; China Fashion 0.58, Stdev = +/-0.30). Therefore, to address RQ2, we find that scores for attributes typically have high, positive, correlations across brands (as shown in Table 3), following the pattern of prototypicality as per Romaniuk and Sharp (2000).

Amongst the five attributes tested, the top three ranked are the same across category and country: *Superior quality/craftsmanship*, *Recognisable* and *Unique from mainstream brands*. The remaining two attributes *Superior customer experience* and *Resonates with how I want to see myself* are consistent for both countries within a category but differ slightly for Jewellery. Therefore, to address RQ2, prototypicality patterns are largely consistent across categories as well as the two countries.

**Table 3.** Average prototypicality ranking for attributes (1 being most ranked and 5 being least ranked)

| | Jewellery | | Fashion | | Watches | |
|---|---|---|---|---|---|---|
| | US | CN | US | CN | US | CN |
| Superior quality / craftsmanship | 1 | 1 | 1 | 1 | 1 | 1 |
| Recognizable | 2 | 2 | 2 | 2 | 2 | 2 |
| Unique from mainstream brands | 3 | 3 | 3 | 3 | 3 | 3 |
| Superior customer experience | 4 | 4 | 5 | 5 | 5 | 5 |
| Resonates with how I want to see myself | 5 | 4 | 4 | 4 | 4 | 4 |

For RQ3, we draw on the calculation from Romaniuk and Sharp (2000). Prior to the calculation, we visually checked the data follows the empirical patterns that underpin the viability of a chi-squared calculation. An example of this is evident in Table 4 for Jewellery brands in the USA, where the larger numbers are for brands with more users on more prototypical attributes, and smaller numbers for brands with fewer users on less prototypical attributes. Once this visual pattern was confirmed, we calculated expected values for each brand on each attribute using the formula: Expected value = (Column total*Row total)/Overall Total (see Table 5). For example, for Tiffany on the attribute *Recognisable* the Expected value is 41% based on the calculation: (368*124)/1118. While for Gucci on *Unique from mainstream brands* the expected value is 14% based on the calculation (169*92)/1118. As Gucci has fewer users in the Jewellery category than Tiffany and *Unique from mainstream brands* is a lower prototypical attribute than *Recognisable*, the expected score for Gucci on *Unique from mainstream brands* is lower than for Tiffany on *Recognisable.*

We can then compare the actual percentages in Table 4 with the expected/benchmark percentages in Table 5. The difference between the two scores (as in Table 6), quantifies the degree to which those expected values matched the observed value. We then identified if the estimated value is between +/-2 percentage points (pp), which was considered a close fit; +/-3-4 pp (smaller deviation); +/-5 or more pp (larger deviation).



**Table 4.** Raw % scores for jewellery brands in the USA

| | Recognizable | Superior quality / craftsmanship | Unique from mainstream brands | Superior customer experience | Resonates with how I want to see myself | **Row sum** |
|---|---|---|---|---|---|---|
| Tiffany | 41 | 38 | 17 | 17 | 10 | **124** |
| Cartier | 36 | 34 | 14 | 14 | 10 | **107** |
| Chanel | 34 | 26 | 14 | 11 | 10 | **94** |
| Gucci | 38 | 25 | 10 | 10 | 9 | **92** |
| Dior | 31 | 20 | 12 | 9 | 9 | **81** |
| Hermes | 27 | 23 | 12 | 10 | 8 | **80** |
| Bulgari | 26 | 22 | 12 | 8 | 7 | **75** |
| HarryWinston | 22 | 23 | 11 | 11 | 7 | **74** |
| De Beers | 24 | 24 | 10 | 8 | 7 | **73** |
| Van C&A | 18 | 19 | 11 | 8 | 6 | **62** |
| Chopard | 16 | 17 | 6 | 5 | 5 | **49** |
| Mikimoto | 15 | 16 | 8 | 5 | 5 | **49** |
| Boucheron | 9 | 12 | 6 | 4 | 4 | **35** |
| Graff | 7 | 10 | 8 | 3 | 5 | **33** |
| Breguet | 8 | 10 | 5 | 5 | 3 | **31** |
| Chaumet | 8 | 10 | 6 | 3 | 4 | **31** |
| Forevermark | 8 | 8 | 6 | 3 | 3 | **28** |
| **Column sum** | **368** | **337** | **169** | **134** | **111** | **1118** |

**Table 5.** Expected value for each jewellery brands in the USA

| | Recognizable | Superior quality / craftsmanship | Unique from mainstream brands | Superior customer experience | Resonates with how I want to see myself |
|---|---|---|---|---|---|
| Tiffany | 41 | 37 | 19 | 15 | 12 |
| Cartier | 35 | 32 | 16 | 13 | 11 |
| Chanel | 31 | 28 | 14 | 11 | 9 |
| Gucci | 30 | 28 | 14 | 11 | 9 |
| Dior | 27 | 24 | 12 | 10 | 8 |
| Hermes | 26 | 24 | 12 | 10 | 8 |
| Bulgari | 25 | 23 | 11 | 9 | 7 |
| HarryWinston | 24 | 22 | 11 | 9 | 7 |
| De Beers | 24 | 22 | 11 | 9 | 7 |
| Van C&A | 20 | 19 | 9 | 7 | 6 |
| Chopard | 16 | 15 | 7 | 6 | 5 |
| Mikimoto | 16 | 15 | 7 | 6 | 5 |
| Boucheron | 12 | 11 | 5 | 4 | 3 |
| Graff | 11 | 10 | 5 | 4 | 3 |
| Breguet | 10 | 9 | 5 | 4 | 3 |
| Chaumet | 10 | 9 | 5 | 4 | 3 |
| Forevermark | 9 | 8 | 4 | 3 | 3 |

**Table 6.** Deviations from expected values for each jewellery brands in the USA

| | Recognizable | Superior quality / craftsmanship | Unique from mainstream brands | Superior customer experience | Resonates with how I want to see myself |
|---|---|---|---|---|---|
| Tiffany | 1 | 0 | -1 | 2 | -2 |
| Cartier | 0 | 2 | -2 | 1 | -1 |
| Chanel | 3 | -2 | 0 | 0 | 0 |
| Gucci | 8 | -3 | -4 | -1 | 0 |
| Dior | 4 | -4 | 0 | -1 | 1 |
| Hermes | 1 | -1 | 0 | 0 | 0 |
| Bulgari | 1 | -1 | 1 | -1 | 0 |
| HarryWinston | -2 | 1 | 0 | 2 | 0 |
| De Beers | 0 | 2 | -1 | -1 | 0 |
| Van C&A | -2 | 0 | 2 | 1 | 0 |
| Chopard | 0 | 2 | -1 | -1 | 0 |
| Mikimoto | -1 | 1 | 1 | -1 | 0 |
| Boucheron | -3 | 1 | 1 | 0 | 1 |
| Graff | -4 | 0 | 3 | -1 | 2 |
| Breguet | -2 | 1 | 0 | 1 | 0 |
| Chaumet | -2 | 1 | 1 | -1 | 1 |
| Forevermark | -1 | 0 | 2 | 0 | 0 |

The results (Table 7) show that on testing across 580 instances luxury brand x attribute combinations, the model estimates on average 90% of the brand-attribute scores within +/2 pp. Only on average 3% of brand-attribute scores deviate by 5pp or more with *Recognisable* as the most common source of the deviation (over half of the 17 instances). Therefore, the evidence is that the model proposed by Romaniuk and Sharp (2000) is able to generate extremely good estimations, for 75 luxury brands in three luxury categories in the USA and China. This addresses the third research question.

Comparing the results between the USA and China, both countries have over 80% of deviations between +/-2pp. However, the USA does have more larger deviations in the Watches and Fashion categories. There is no discernible pattern in the deviations that would lead to the conclusion that a specific brand or attribute is causing the difference and so is not an artefact of the research design. Therefore, these results, combined with evidence in testing for other research questions, reveals both countries have similar patterns in the underlying structure of luxury brand perception responses. The key difference is that in China, non-buyers of brands have more perceptions than non-buyers of the same brands in the same categories in the USA, but this is a difference in substance rather than structure, a new



analytical approach is not needed to deal with Chinese consumers' perceptions of luxury brands. This addresses the final research question on the differences between luxury buyers in the USA and China.

**Table 7.** Fit between observed and expected values for luxury brands and attributes

| | Close fit | Smaller Dev. | Larger Dev. | Brands and attributes +/-5pp |
|---|---|---|---|---|
| **Watches** | | | | |
| USA (20 brands) | 83% | 9% | 8% | **Recognizable** - Apple watch (+6); Louis Vuitton (+7); Gucci (+6); Patek Phillip (-6)<br>**Superior quality/craftsmanship** - Cartier (+7); Tag Heurer (-5); Apple Watch (-6); Dior (-5) |
| China (20 brands) | 93% | 5% | 2% | **Recognizable** - Omega (+5)<br>**Resonates with how I see myself** - Rolex (-5) |
| **Jewellery** | | | | |
| USA (17 brands) | 94% | 5% | 1% | **Recognizable** - Gucci (+8) |
| China (16 brands) | 97% | 3% | 1% | **Recognizable** - Van Cleef & Arpells (+5) |
| **Fashion** | | | | |
| USA (21 brands) | 81% | 15% | 4% | **Recognizable** - Coach (+7); Armani (-10)<br>**Unique from mainstream brands** - Ralph Lauren (-6)<br>**Resonates with how I see myself** - Ralph Lauren (+8) |
| China (22 brands) | 91% | 8% | 1% | **Resonates with how I see myself** - Coach (+8) |
| **Average** | **90%** | **8%** | **3%** | |

**5. Discussion**

The underlying purpose of this research is to build knowledge on the nature of consumer responses to luxury attributes. This knowledge contributes to researchers' understanding of consumer perceptions about luxury brands, and how these perceptions are elicited in similar or different manner to that of non-luxury brands, and contribute to the *what makes luxury* *different* debate. On the practitioner side, this knowledge contributes to practitioners' better understanding brand performance and the impact of marketing activities.

The research scope covered three luxury categories, Watches, Jewellery and Fashion, in two countries very important for luxury sales, the USA and China and drew from data from real luxury buyers, not a student or convenience sample, to increase external validity. This coverage provides five different tests of the research questions, which is very extensive in empirical luxury research which is typically confined to one brand, or one category, and/or one country (e.g., a recent selection of papers Kerviler de and Rodriguez, 2019; Lunardo and Mouangue, 2019; Chang et al., 2019) and often draw on student or M-turk samples. This real luxury consumer, multi-category, multi-country test means any findings within the paper have already extensive robustness and generalisability, something considered crucial to quality research by many (e.g., Royne, 2018; Schmidt and Oh, 2016; Lehmann and Bengart, 2016; Ehrenberg, 2016; Easley et al., 2000). This research is also an extension of Romaniuk and Sharp (2000) into the luxury sector, which is another important contribution to marketing science. Luxury scholars have argued extensively that 'luxury is different' (e.g., Bastien and Kapferer, 2013; Kapferer and Bastien, 2012) and this is another test of this proposition. Here we address the issue of whether consumers retrieve perceptions of luxury brands differently to that of non-luxury brands.

The first contribution of this research is the extension of findings that brand users are systematically more likely to link the brands they use to attributes than brands they don't use. First discovered in low involvement packaged goods categories (Bird et al., 1970; Barnard and Ehrenberg, 1990) and later in services, durables and emerging markets (Romaniuk et al., 2012), this usership bias for eliciting perceptions also holds in the luxury domain. This calls into question whether these perceptions are formed prior to ownership, as posited in much of the luxury literature (e.g., Roncha and Montecchi, 2017; Kim and Wingate, 2017; Janssen et al., 2017), or developed as a result of ownership. While it is not possible to tease out causal linkages with a cross-sectional study, the results of this research suggest that at minimum, a necessary component of any modelling of the effects of brand perceptions on brand performance is to control for a category buyers' current or past buying of the brand, and focus on whether changes in perceptions are linked to change in buying/market share. For example, the test of luxury attributes as a driver of luxury behaviour is not whether a brand has a higher



uniqueness score than another brand, but rather if a brand that changes in its attribute score so that more potential buyers see it as unique, does then also subsequently grow in market share.

The second finding is that there is a prototypicality pattern (as per Rosch and Mervis, 1975) evident in luxury attributes, with the attribute response levels highly correlated across brands within a category. For the five luxury attributes tested, *Superior quality/craftsmanship* is the most commonly elicited attribute, followed by *Recognisable* and *Unique from mainstream brands*. The consistency in ranking evident across the five data sets also empirically supports the idea that there are generalisable luxury qualities, something that has been debated by those looking to define luxury (Ko et al., 2019; Chandon et al., 2019). In future research, this prototypicality analysis could be used on a more comprehensive set of luxury attributes to determine the relative contribution of different attributes to the general prototype of a luxury brand. This further helps us understand the ubiquity of the luxury concept across cultures, which will also be of practical use for global brand managers when identifying attributes to promote to communicate luxury to consumers in global campaigns.

The third contribution of this research is uncovering the ability to estimate individual scores for brands on luxury attributes with a very simple two parameter model. The discovery that key influences on a luxury brand's attribute scores are the proportion of the category that buy the brand, and prototypicality of the attribute provides luxury researchers and marketers with normative benchmarks to isolate the real differences between luxury brands. As shown in Romaniuk and Nicholls (2006), this will improve the effectiveness of marketing activities aimed at building luxury perceptions by revealing how much brand experiences prior to purchase, word-of-mouth and advertising have changed the brand's luxury perceptions. That this approach is robust enough to also be used globally, across a wide range of different categories and for luxury and non-luxury categories, is of considerable value given luxury brands often operate in many different countries (Bain and Company, 2014) and have a history of horizontal (Reddy et al., 2009) and vertical extensions (Dall'Olmo Riley et al., 2015).

Finally, while there was evidence of differences between the US and China this was more in the substance of the associations in consumer memory than in structure of those associations. Chinese consumers may hold different perceptions about brands, due to the brand's marketing activities and consumer experiences, but the underlying patterns in how these perceptions are elicited that are tested in this research do not differ. This is useful for researchers seeking to understand both Western and Eastern consumers and global luxury marketers who rely on both of these countries for their sales revenue.

## 6. Limitations & Future Research

The key limitation of this study is the number of luxury perceptions, which was out of the control of the researchers. It should be noted that this was an industry-based survey which gives confidence in the importance of the attributes chosen, which makes this data an excellent starting point for this research. However, while this initial study is extremely positive, we do recommend replication on a wider range of luxury attributes, categories and brands. The three categories included in this study are all traditional luxury categories. It would be interesting to test if the same findings would hold for newer experiential based luxury categories (as outlined in Chandon et al., 2019). An additional limitation is that the inclusion of the top 25% of income tier in each country could still mask differences in the perceptions of ultra-high-net-worth individuals compared to other buyers of luxury brands. Future research could explore the empirical patterns underpinning the brand perceptions held by the ultra-high-net-worth customer segment, which is growing in several countries including China (Chandon et al., 2019).

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